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11 JAN 1964

Lyman Kirkpatrick
The President
The White House
Washington 25, D. C.

Dear Mr. President:

This is in reply to your memorandum of 30 November 1963 concerning your desire for maximum economy and efficiency in the Federal Government. In the attached paper I have stated briefly some of the major steps taken within the Central Intelligence Agency in 1963 in furtherance of this goal. I have also outlined certain measures planned or in process which should continue and accelerate the progress already made in this direction.

When I assumed the responsibility as Director of Central Intelligence, I immediately organized a task force composed of: Mr. Lyman Kirkpatrick, Executive Director-Comptroller, CIA; Executive Secretary, President's Foreign Intelligence Advisory Board; and General Cortlandt Schuyler, U. S. Army (Ret.), to work under my direction and with me in examining the activities, operations and management of each and every division and directorate of the Central Intelligence Agency for the purpose of determining the need for the work undertaken and the efficiency with which the directorates were managed. The oral and written reports of this group have been most useful to me and my Deputy in administering the affairs of the Agency.

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As a result of their examination, two task forces were established, one under Mr. John Bross, my Deputy for National Intelligence Programs Evaluation, to study in depth manpower utilization; the second under Mr. Lyman Kirkpatrick on personnel management. The results of the studies of these two groups significantly improved our management functions and stemmed the built-in personnel growth.

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It is pertinent to note that the Central Intelligence Agency, in and of itself, represents only between 10% and 20% of the total United States intelligence effort. The exact percentage depends upon whether certain military activities such as Air Force and Naval reconnaissance units are classed as "intelligence". At least 80% of the intelligence effort is in the Defense Intelligence Agency, the intelligence units of the Services, the National Security Agency and the communications intelligence activities of the Services. It is obvious therefore that the terms of reference of my appointment, which placed upon me responsibility for coordination and guidance of the community, is of utmost importance if our intelligence costs are to be minimized and duplication and unnecessary effort avoided.

Coordination has until recently been undertaken by me personally, supported by CIA staff, and it has been effective in a great many areas. Last fall I appointed Mr. John Bross as my Deputy for National Intelligence Programs Evaluation and he is now equipped with a most capable staff drawn from the Bureau of the Budget (Mr. Gerry E. Pettibone), Department of Defense (Major General John M. Reynolds), White House (Mr. Thomas A. Parrott) and others. Mr. Bross's responsibility is to examine various intelligence activities, to report to me and to the United States Intelligence Board on them, and to recommend changes and modifications considered necessary in the interests of improved intelligence and economy. As of now a task force under Mr. Benjamin

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The level of effort in the field of intelligence is not measurable by any "norms" applied to other government activities or to private enterprise. I have found that the establishment of

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intelligence objectives without consideration of the cost or manpower required to accomplish the objectives has in the past been a serious deficiency in the management of the intelligence community. I therefore plan that the United States Intelligence Board in establishing intelligence objectives, which is the Board's responsibility by NSC directive, will concern itself with the issue of manpower and cost involved in such decisions.

Respectfully yours,

(Signed) JOHN A. McCONE

John A. McCone

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O/BPAM vgd 2 Jan 1964

Orig & 1 - addressee (w/attach)

1 - DDCI

1 - ER

1 - BPAM

1 - ExecDir-Comptroller ✓

Rewritten: JAMcCone:

Final typig: O/ExecDir;kg

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